



The

MARKETPLACE

For Recycling Commodities

Kentucky Recycling Assistance Section

August 2017

The great OCC transition

Resource Recycling, June 2017

American retail darlings are closing at a rapid rate.

In the last year alone, Macy's, Sears, Kmart, J.C. Penney, Radio Shack, H.H. Gregg, and Sports Authority each closed more than 75 U.S. locations. Even Walmart has closed more than 250 locations worldwide as it makes an effort to grow its online presence and full-service superstore models.

These retail closings and the continued growth of online shopping are creating a massive transition in the OCC (old corrugated containers) recovery market.

For decades, clean loads of OCC from the back docks of large retailers have served as reliable revenue streams for materials recovery facilities (MRFs) and others. With e-commerce growing swiftly, it's clear that OCC will remain a prevalent portion of the stream. But the growing tonnages of curbside cardboard are more prone to contamination and sorting challenges than homogenous loads from the back of retailers.

Production not falling off

Though many brick-and-mortar retailers may be falling on tough times, the demand for fiber and manufactured corrugate is actually on the rise. With clickable convenience, online shopping's growth in popularity is only gaining momentum.

According to a 2016 Pew Research Center study, by desktop or mobile, 79 percent of Americans have made purchases online – compared with 22 percent in 2000. In addition, 15 percent of adult shoppers are making an online purchase once per week and 28 percent are making multiple monthly online purchases. In its first-quarter earnings release for the 2018 fiscal year, Walmart noted it saw an e-commerce sales boost of 63 percent.

The research found the demand for corrugate and paperboard is expected to increase 2.6 percent per year to \$41.2 billion by 2020.

Capturing OCC via single-stream collection is not quite so straightforward. Some municipal recycling experts have noted curbside carts and bins are often not large enough to contain the amount of corrugate many American households are now generating.

In Charlotte, for instance, a new ordinance policy asks residents to break down boxes into 18-by-18 inch pieces. Waste Management, meanwhile, has made efforts to provide more space for residential single-stream recycling, rolling out larger 60- to 90-gallon bins

Contamination and screening

Another issue in recovery of residential OCC is the role contamination plays during the MRF screening and mill pulping processes.

According to some processors, the glues and labels that are more prevalent on boxes in the residential stream are not much of a problem. "The cleaning systems we have in our pulpers and MRFs do a pretty good job of taking care of that," said Pratt's Cohen.

But glass and food residue do cause significant headaches.

The bottom line

Still, such investments could continue as processors and recycling programs aim to take advantage of another key factor in the OCC conversation: rising material values.

Recycling Market Prognosis

Recycling Today reports that recycling market players suggest these trends for July.

	<u>Demand</u>	<u>Price</u>
Ferrous	Stable	Stable
Nonferrous	Slow	Volatile
Paper	Up	Pricing pickup
Plastic	Severe slowdown	Inching up

COMMODITY	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Jun-17	Jul-17	Jul-16
<u>PAPER-\$/TON</u>	<i>RISI Official Board Markets (Midwest/Chicago area) FOB</i>							
-	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Jun-17	Jul-17	Jul-16
#2 mixed paper	\$70-75	\$70-75	\$75-80	\$85-90	\$75-80	\$55-60	\$65-70	\$60-65
#37 sorted office paper (SOP)	\$155-160	\$155-160	\$155-160	\$165-170	\$160-170	\$160-170	\$155-165	\$130-140
#8 ONP	\$80-90	\$80-90	\$85-90	\$90-100	\$90-100	\$75-80	\$75-80	\$75-80
#40 sorted white ledger (SWL)	\$205-210	\$205-210	\$205-210	\$205-215	\$205-215	\$202-215	\$205-215	\$175-185
#11 OCC	\$95-105	\$100-110	\$145-160	\$150-160	\$150-160	\$140-150	\$170-180	\$85-90
<u>PLASTICS-¢/LB.</u>	<i>Recycling Markets.Net/Secondary Materials Pricing - FOB</i>							
-	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Jun-17	Jul-17	Jul-16
#1 PET - mixed (clear & green)	\$0.10	\$0.10	\$0.12	\$0.12	\$0.13	\$0.15	\$.15	\$0.11
#2 HDPE (natural-milk jugs)	\$0.24	\$0.25	\$0.34	\$0.35	\$0.35	\$0.28	\$.29	\$0.38
#2 HDPE (colored-detergent btl.)	\$0.13	\$0.14	\$0.22	\$0.24	\$0.20	\$0.15	\$.16	\$0.16
<u>GLASS-\$/TON</u>	<i>Recycling Markets.Net/Secondary Materials Pricing - Delivered</i>							
-	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Jun-17	Jul-17	Jul-16
clear (flint)	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00
brown (amber)	\$27.00	\$27.00	\$28.00	\$26.50	\$27.50	\$27.50	\$27.50	\$28.00
green	\$13.00	\$13.00	\$14.00	\$12.50	\$10.00	\$12.50	\$12.50	\$14.00
<u>METALS</u>	<i>Recycling Markets.Net/Secondary Materials Pricing - Baled/Densified</i>							
-	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Jun-17	Jul-17	Jul-16
aluminum beverage cans (UBC) cents/lb.	\$0.62	\$0.64	\$0.68	\$0.69	\$0.68	\$0.66	\$0.66	\$0.58
	<i>Recycling Markets.Net/Secondary Materials Pricing - Baled</i>							
	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Jun-17	Jul-17	Jul-16
steel cans \$/TON	\$65-90	\$80-90	\$120-170	\$120-185	\$150-185	\$120-160	\$125-160	\$90-95



Energy and
Environment Cabinet

**Kentucky Recycling Assistance
Section**

Department for Environmental Protection
Division of Waste Management
300 Sower Blvd., 1st Floor
Frankfort, KY 40601

The Kentucky Division of Waste Management *does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability or veteran status.* The division provides, on request, reasonable accommodations necessary to afford an individual with a disability an equal opportunity to participate in all services, programs and activities. Contact Lisa.Butler@ky.gov to request materials in an alternate format.